

FINAL ANNUAL BUDGET OF
TSWAING MUNICIPALITY



2018/19 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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- Finance Department
- All public libraries within the municipality
- At www.tswaing.gov.za

Part 1 – Annual Budget

1.1 Mayor's Report

Madam Speaker I am honored and privileged to stand before council to table 2018/19 FINAL MTREF (Medium Term Revenue Expenditure Framework for Tswaing Local Municipality. The MTREF gives direction to administration on how as a municipality we will realize the imperatives that is defined and articulated in the Integrated Development Plan(IDP), which was reviewed for financial year 2017/18 and will be revised every year as prescribed by legislation. The IDP is the core document against which the Municipality's performance is measured in the Annual Report.

To ensure continuous and sustained development and service delivery within the municipal area, Tswaing Municipality identified a few programs and projects that constituted the municipalities focus areas during the year under review. These programs and projects fall under one or another of the national key performance areas for local government.

The following are the key performance areas(KPA's) that informed our programs and projects for the financial year 2018/19

1. KPA 1: Institutional Development and Transformation
2. KPA 2: Infrastructure Development and Service Delivery
3. KPA 3: Financial Viability and Management
4. KPA 4: Social and Local Economic Development
5. KPA 5: Good Governance and Public Participation

Economic Outlook

The following economic indicators are important to note and have been considered in our own financial strategies, preparation of the MTREF for 2018/19 and the two outer years. The 2018 Budget review emphasized that although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economy growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product(GDP) growth increasing across all major economies.

South Africa has experienced a period of protracted economic weakness which diminishes private investment. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 percent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

This economic challenge will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. In additional municipalities will have to improve their efforts to limit non – priority spending and to implement stringent cost – containment measures.

Focus of the 2018/19 Budget

National Treasury Budget Circular 89 and 91 where used to guide the 2018/19 MTREF budget.

Capital Budget

The Capital Budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation process as well as ward committee processes where applicable.

The total funded capital projects for the 2018/19 financial year amounts to R 49 884 000.00 with main focus being the following:

Roads Infrastructure – R 39 294 000.00

Sports Ground - R 10 550 000.00

Operating Budget

The operating budget for 2018/19 financial year amount to R 197 366 million.

The cost drivers can be summarized as follows:

- ✓ 5,9% increase in the wage bill
- ✓ 7,3% increase in the purchase of electricity from Eskom
- ✓ Inflationary pressure and the general increase of 5,3% in the price of goods and services.

Revenue sources remains under strain and in attempt to balance service delivery with affordability proposed tariff increases have been limited as follows:

Electricity 6.84%, Water 5.3%, Sewerage 5.3%, Refuse 5.3%, Assessment Rates 5.3% and other Services 5.3%.

Provision is made in the Operating budget for the subsidizing of the indigent households. This subsidy includes a free 6Kl of water, 50 units of electricity, R150.00 subsidy for Sewerage and Refuse Removal charges.

In Conclusion

The draft budget tabled here today is a beginning step in attaining the strategic goals of the National Development Plan (NDP) as well as that of Tswaing Local Municipality which includes amongst others, Municipal Transformation and Organizational development, basic service delivery to all communities, financial viability and transformation, excellence in administration, transparency and public participation.

Cllr LD Malwane

MAYOR

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical, to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure that the municipality truly involves all citizens in the process, and thereby ensuring a people lead government.

National Treasury's MFMA Circular No.86 was used to guide the compilation of the 2018/19 MTREF. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (*mSCOA*) and addressing municipal revenue generation challenges.

The compliance to *mSCOA* by 1 July 2017 requires that municipalities have the following in place:

- Systems-Integrated Integrated Development Plan (IDP);
- Systems-Integrated budget module; and
- Systems that enable transacting across the seven segments of *mSCOA*, with sub-systems seamlessly integrating to the core system.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarized as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope, given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents.
- Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.
- *mSCOA* compliance

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Inter-mediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of

- services that are beyond the control of the municipality, for instance the cost of electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act (Dora);

In view of the aforementioned, the following tables below is a consolidated overview of the operational revenue, operational expenditure, capital expenditure budget and allocated Grants and subsidies of the 2018/19 budget.

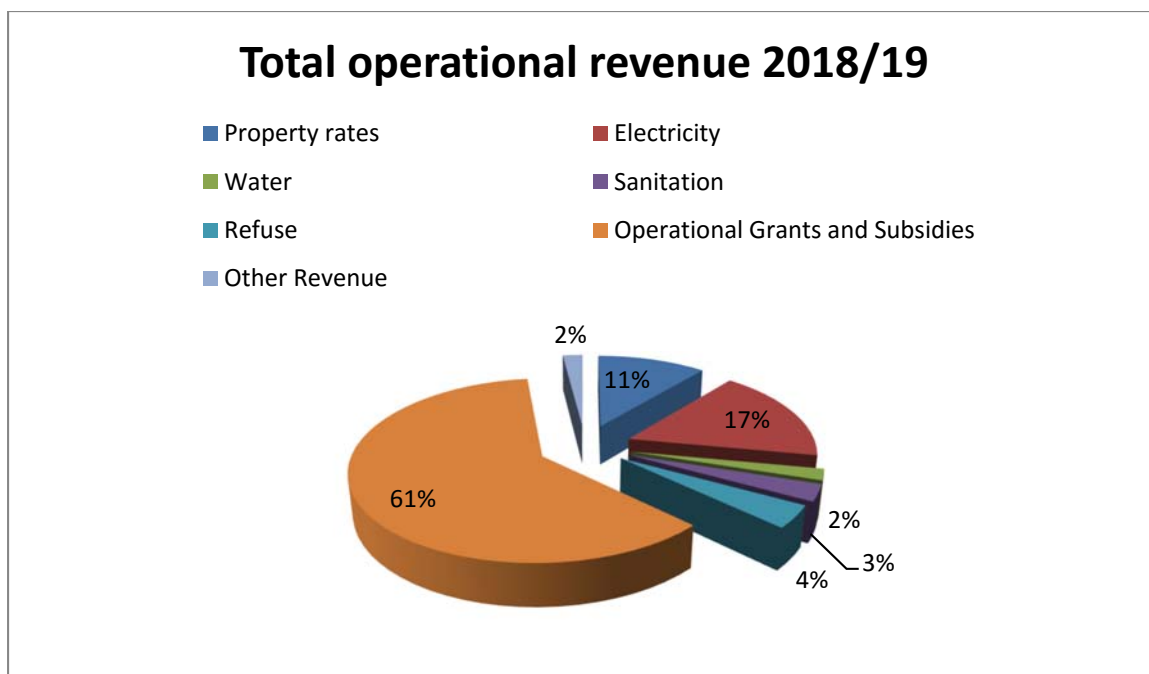
1. Operational Revenue

Similar to the rest of government, municipalities face a difficult fiscal environment. Even as demand for services rises, weak economic growth has put stress on consumers' ability to pay for services, while transfers from National government are growing more slowly than in the past. Our municipality has not been able to manage these challenges well, and has fallen in the financial distress, and it is facing liquidity problems. Among other challenges, the municipality is unable to meet its payment obligation with ESKOM.

National Treasury encourages municipalities to collect revenue owed to them, and eliminate wasteful and non-core spending. Also, National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between affordability to poorer households and other customers, while ensuring the financial sustainability to the municipality. The Consumer Price Index (CPI) or inflation is forecasted to be within the upper limit of the 3 to 6 percent target band; therefore, municipalities are now required to **justify all increase in excess of 5.3 per cent** projected inflation target.

The following is a summary of total operational revenue, with focus on major revenue streams, and their percentage contributions:

Total Operational Revenue: 2018/2019		
Description of Revenue Category	Amount	%
Property rates	R 28 462 031.00	11%
Electricity	R 43 482 820.00	17%
Water	R 6 382 066.00	2%
Sanitation	R 7 250 244.00	3%
Refuse	R 9 769 130.00	4%
Operational Grants and Subsidies	R 157 610 000	61%
Other Revenue	R 4 841 140.00	2%
Total Operational Revenue: 2018/2019	R 257 797 431	100%



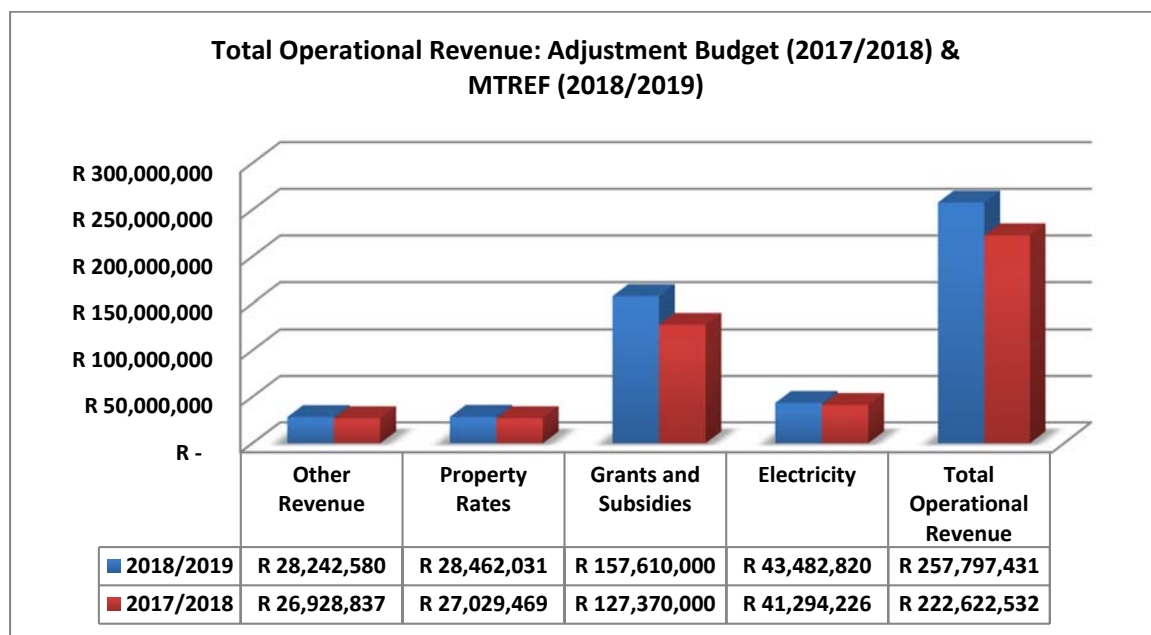
Operational grants and subsidies contribute 61% of the total operational revenue, and this indicates the municipality's current funding, especially for Capital Expenditure, which is dependent on Conditional Grants, due to its internal challenges of inadequate cash flow, and own-revenue generation capacity. This goes beyond capital expenditure, but also for its day-to-day operational expenditure requirements, due to poor revenue generation and debt collection.

Total revenue has increased from **R 222 622 533.00** to **R 257 797 431.00**. One other important aspect is that, despite the average 15% increase in revenue for the 2018/2019 MTREF, in comparison with the previous financial year's Adjustment Budget (2017/2018), municipalities face a difficult fiscal environment and a negative liquidity situation, thereby making it difficult to meet rising demand for services rises, and weak economic growth that has put stress on consumers' ability to pay for services.

The following table depicts the above scenario of comparative analysis of total operational revenue for the 2018/2019 MTREF, against the 2017/2018 Adjustment Budget:

Total Operational Revenue: MTREF and Adjustment Budget			
Description of Revenue Category	2018/2019		2017/2018
Other Revenue	R	28 242 580	R 26 928 837
Property Rates	R	28 462 031	R 27 029 469
Grants and Subsidies	R	157 610 000	R 127 370 000
Electricity	R	43 482 820	R 41 294 226

The above table can also be presented graphically as per the following figure:



The following table reflects the detailed breakdown of total operational revenue, in support of the above information:

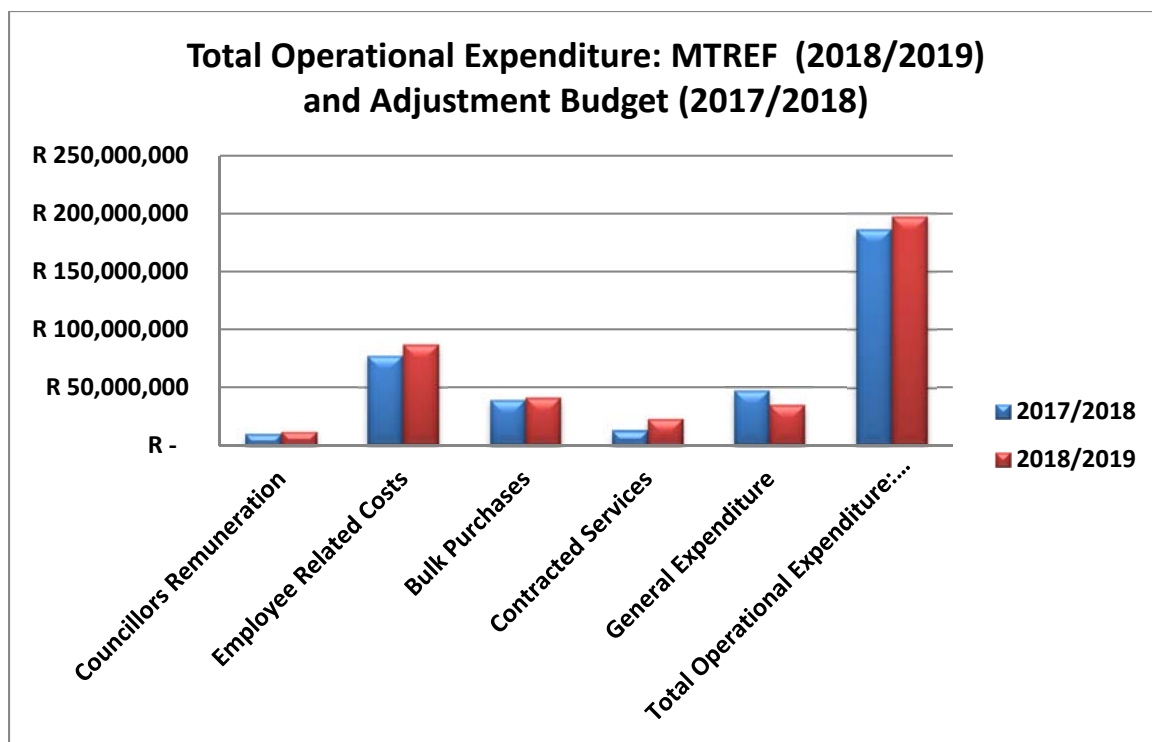
REVENUE TOTALS	Budget 2017/18	Adjustment 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
PROPERTY RATES	-14 949 469	-27 029 469	-28 462 031	-29 998 981	-31 648 924
SERVICE CHARGES: ELECTRICITY	-41 294 226	-41 294 226	-43 482 820	-45 830 892	-48 374 507
SERVICE CHARGES: WATER	-6 065 343	-6 065 343	-6 382 066	-6 726 697	-7 096 665
SERVICE CHARGES: SANITATION	-6 875 322	-6 875 322	-7 250 244	-7 641 758	-8 050 345
SERVICE CHARGES: REFUSE REMOVAL	-9 277 426	-9 277 426	-9 769 130	-10 296 663	-10 874 688
RENTAL OF FACILITIES AND EQUIPMENT	-539 898	-539 898	-395 599	-416 962	-439 894
INTEREST INVESTMENTS	-106 779	-106 779	-112 438	-118 510	-125 028
DIVIDENDS	-19 152	-19 152	-20 167	-21 256	-22 425
FINES, PENALTIES AND FORFEITS	-91 120	-91 120	-95 949	-101 130	-106 692
LICENSE FEES	-1 498 112	-1 498 112	-3 262 665	-3 438 849	-3 627 986
OTHER REVENUE	-2 455 685	-2 455 685	-954 322	-895 054	-780 918
TOTAL OWN REVENUE	-83 172 532	-95 252 532	-100 187 431	-105 486 752	-111 148 072
EQUITABLE SHARE	-92 403 000	-92 403 000	-102 525 000	-113 143 000	-121 990 000
MSIG			-	-	-
FMG	-2 345 000	-2 345 000	-2 415 000	-2 880 000	-3 312 000
LIBRARY GRANT	-1 710 000	-1 710 000	-1 194 000	-1 282 000	-1 353 000
EPWP	-1 182 000	-1 182 000	-1 632 000		
TOTAL OPERATING GRANTS	-97 640 000	-97 640 000	-107 766 000	-117 305 000	-126 655 000
MIG	-29 730 000	-29 730 000	-39 294 000	-29 274 000	-30 739 000
INEP GRANT			-	-6 400 000	-8 320 000
AGISANANG SPORTS GROUND			-10 550 000	-	-
TOTAL CAPITAL GRANTS	-29 730 000	-29 730 000	-49 844 000	-35 674 000	-39 059 000
GRAND TOTAL	-127 370 000	-127 370 000	-157 610 000	-152 979 000	-165 714 000
TOTAL INCOME	-210 542 533	-222 622 532	-257 797 431	-258 465 752	-276 862 072

2. Operational Expenditure

Total operational expenditure has increased from **R 191 352 533.00** to **R 200 323 435.00**, thereby representing an average percentage increase of 11%, which is 5.7% above the projected CPI (5.3%), with contracted services (74%) and councillors' remuneration (21%) due to the increase in upper limits, as gazetted. These increases are, however, off-set by the decrease of 9% on General Expenditure. The capital acquisition of R 51 044 000.00 includes R 49 844 000.00 funded by MIG and R 1 200 000.00 for municipal vehicles which will be funded by own revenue.

Total Operational Expenditure: MTREF and Adjustment Budget			Variance	% Increase / (Decrease)
Description: Expenditure Category	2017/2018	2018/2019		
Councillors Remuneration	R 10 062 567.00	R 12 166 345.00	R 2 103 778.00	21%
Employee Related Costs	R 77 127 402.00	R 86 772 525.00	R 9 645 123.00	13%
Bulk Purchases	R 39 276 474.00	R 41 358 127.00	R 2 081 653.00	5%
Contracted Services	R 12 902 224.00	R 22 425 962.00	R 9 523 738.00	74%
General Expenditure	R 41 443 867.00	R 37 600 476.00	R -3 843 391.00	-9%
Capital Acquisition	R 31 270 000.00	R 51 044 000.00	R 21 314 000.00	71%
Total Operational Expenditure	R 222 622 533.00	R 251 367 436.00	R 28 744 903.00	13%

The above scenario is also presented graphically, as per the following:

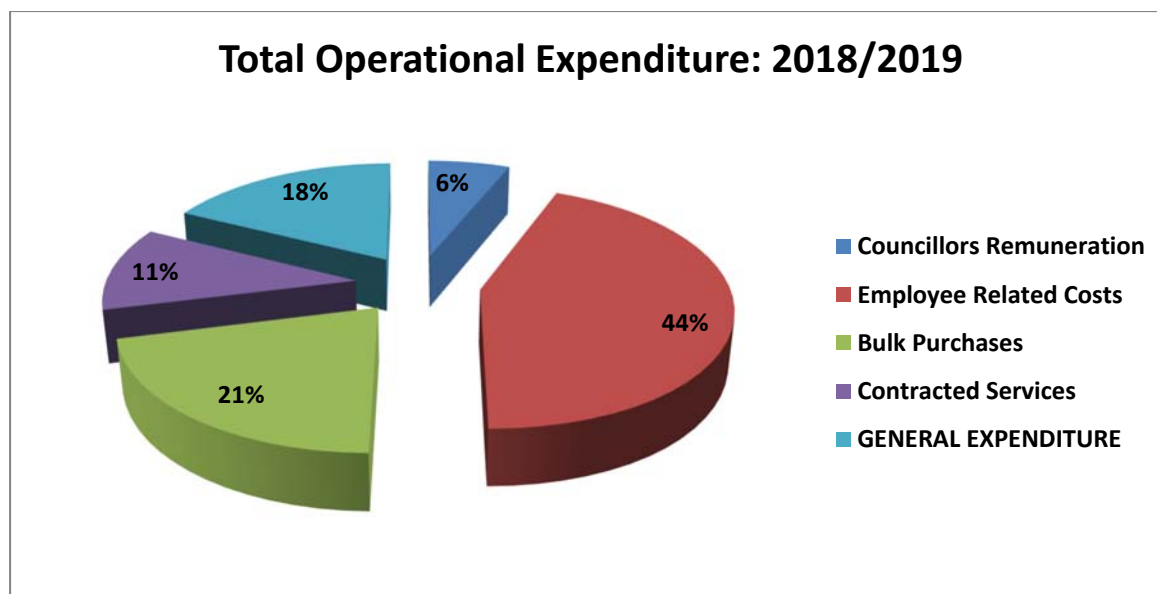


Total Operational Expenditure: MTREF (2018/2019)

The following table reflects a summary of Total Operational expenditure for the MTREF (2018/2019) period under review

Total Operational Expenditure: 2018/2019		
Description of Expenditure Category	Amount	% Contribution
Councillors Remuneration	R 12 166 345	6%
Employee Related Costs	R 86 772 525	44%
Bulk Purchases	R 41 358 127	21%
Contracted Services	R 22 425 962	11%
GENERAL EXPENDITURE	R 37 600 476	18%
Total Operational Expenditure: 2018/2019	R 200 323 435	100%

The above is also graphically presented as follows:



EMPLOYEE RELATED COSTS

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation. In the absence of other information (e.g. from current wages negotiations), salaries will be increased by 5.9% as it is the current offer by South African Local Government Bargaining Council. Salary Budget will increase from R 77 127 402.00 to R 86 772 525.00. This is an increase of R 9 645 123 (or 12.5%). The salary budget contributes to 44% of the operating budget.

Remuneration of councillors

Municipalities are advised to budget for the actual costs approved, in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

The budget for remuneration of councillors will increase by R 2 103 778.00, from R 10 062 567 to R 12 166 345.00. This is an increase of 20%.

BULK PURCHASES

On 15 December 2017, the Energy Regulator granted Eskom an annual average increase of 5.23% leading to bulk increase of 7.32% for municipalities. This therefore means that bulk purchases will be increased by **7.32%**, and electricity tariffs by **6.84%**.

The following table shows a detailed exposition of total operational expenditure, as summarized and explained above:

EXPENDITURE TOTALS	Budget 2017/18	Adjustment 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
ALLOWANCE COUNCILLORS	6 582 491	6 582 491	8 147 310	8 587 265	9 059 564
CELLPHONE ALLOWANCE	173 967	173 967	1 113 920	1 174 072	1 238 646
ALLOWANCE COUNCILLORS TRAVELING	2 461 620	2 461 620	2 298 898	2 423 038	2 556 306
MEDICAL FUND COUNCILLORS	320 701	320 701	243 145	256 275	270 370
PENSION FUND COUNCILLORS	523 788	523 788	363 072	382 678	403 725
TOTAL COUNCILLORS SALARIES	10 062 567	10 062 567	12 166 345	12 823 328	13 528 611
BASIC SALARIES	51 001 106	51 001 106	55 891 619	61 310 154	64 682 213
BONUS	4 212 470	4 212 470	5 116 228	5 598 045	5 905 937
PERFORMANCE BONUS	159 130	159 130			
INDUSTRIAL COUNCIL LEVY	33 913	33 913	35 704	38 425	40 538
OVERTIME	1 849 171	1 849 171	3 935 128	4 193 806	4 424 465
REDEMPTION OF LEAVE	1 414 658	1 414 658	1 498 123	1 773 968	1 871 536
STANDBY ALLOWANCES	639 315	639 315	735 503	778 555	821 376
U.I.F.	640 628	640 628	678 805	734 036	774 408
ALLOWANCES ACTING	1 226 119	1 226 119	1 308 078	1 452 923	1 532 834
ALLOWANCES HOUSING	478 745	478 745	789 641	843 266	889 646
ALLOWANCES TRAVELING	1 120 437	1 120 437	1 523 958	1 659 423	1 750 691
ALLOWANCES TELEPHONE	83 633	83 633	143 150	158 365	167 075
CONTRIBUTIONS : GROUP LIFE	454 420	454 420	481 231	517 438	545 897
CONTRIBUTIONS : PENSION FUND	9 415 545	9 415 545	9 977 757	10 855 934	11 453 011
CONTRIBUTIONS : MEDICAL AID	4 398 112	4 398 112	4 657 601	5 051 240	5 329 058
TOTAL EMPLOYEE SALARIES	77 127 402	77 127 402	86 772 525	94 965 577	100 188 684
SUB TOTAL : CONTRACTED SERVICES	12 902 224	12 902 224	22 425 962	23 636 964	24 936 997
SUB TOTAL : OPERATIONAL COST	23 404 081	23 404 081	17 034 206	17 704 875	18 678 643
SUB TOTAL - INVENTORY	-	-	1 226 875	1 293 126	1 364 164
HH SSP SOC ASS: GRANT IN AID	-	-	963 492	1 015 521	1 071 374
SUB TOTAL : BAD DEBTS WRITTEN OFF	5 421 591	5 421 591	5 421 591	5 714 357	6 028 647
SUB TOTAL : DEPRECIATION & AMORTISATION	12 618 195	12 618 195	12 618 195	13 299 578	14 031 054
SUB TOTAL : OPERATING LEASES	-	-	336 117	354 267	373 752
SUB TOTAL : BULK PURCHASES	39 276 474	39 276 474	41 358 127	43 591 466	45 988 997
ROLL OVER PROJECTS	-	5 000 000	-	-	-
MUNICIPAL VEHICLES	-	1 540 000	-	-	-
SUB-TOTAL CAPITAL ACQUISITIONS	29 730 000	29 730 000	39 294 000	29 274 000	30 739 000
AGISANANG SPORT GROUND			10 550 000	-	-
MUNICIPAL VEHICLES		1 540 000	1 200 000		
TOTAL EXPENDITURE	210 542 533	222 622 533	251 367 436	243 673 058	256 929 923

Overview of Budget related policies**Purpose**

The purpose is for council to adopt finance policies for 2018/19 financial year.

Strategic Objective

The objective is to ensure good governance, financial viability and optima, institutional transformation, with capacity to execute its mandate.

Recommendations

That council approves the following budget policies:

- 1.Tarriff policy
- 2.Property rates by – law
- 3.Travel and Subsistence policy
- 4.Property rates policy
- 5.Supply chain management policy
- 6.Credit Control and debt collection policy
- 7.Indigent Policy
- 8.Credit Control Policy
9. Bad Debt write off policy
10. Inventory Management policy

NW382 Tswaing - Table A1 Budget Summary

Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands			
Financial Performance			
Property rates	28 462	29 999	31 649
Service charges	66 884	70 495	74 396
Investment revenue	112	119	125
Transfers recognised - operational	106 932	116 383	125 662
Other own revenue	4 729	4 873	4 978
Total Revenue (excluding capital transfers and contributions)	207 119	221 869	236 810
Employee costs	86 773	94 966	100 189
Remuneration of councillors	12 166	12 823	13 529
Depreciation & asset impairment	12 618	13 300	14 031
Finance charges	336	354	374
Materials and bulk purchases	53 678	56 576	59 689
Transfers and grants	-	-	-
Other expenditure	31 794	33 511	35 354
Total Expenditure	197 365	211 530	223 165
Surplus/(Deficit)	9 754	10 338	13 645
Transfers and subsidies - capital (monetary allocated)	49 844	35 674	39 059
Contributions recognised - capital & contributed assets	-	-	-
Surplus/(Deficit) after capital transfers & contributions	59 598	46 012	52 704
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	59 598	46 012	52 704
Capital expenditure & funds sources			
Capital expenditure	49 844	35 674	39 059
Transfers recognised - capital	49 844	35 674	39 059
Public contributions & donations	-	-	-
Borrowing	-	-	-
Internally generated funds	-	-	-
Total sources of capital funds	49 844	35 674	39 059
Financial position			
Total current assets	55 910	58 929	62 164
Total non current assets	670 721	706 854	745 731
Total current liabilities	242 176	255 253	269 292
Total non current liabilities	66 730	70 334	74 202
Community wealth/Equity	417 724	440 195	464 400
Cash flows			
Net cash from (used) operating	81 582	69 295	(23 993)
Net cash from (used) investing	(49 844)	(29 274)	(30 739)
Net cash from (used) financing	-	-	-
Cash/cash equivalents at the year end	31 738	71 760	17 028
Cash backing/surplus reconciliation			
Cash and investments available	960	1 013	1 069
Application of cash and investments	132 186	139 270	146 868
Balance - surplus (shortfall)	(131 226)	(138 257)	(145 800)
Asset management			
Asset register summary (WDV)	49 844	35 674	39 059
Depreciation	-	-	-
Renewal of Existing Assets	-	-	-
Repairs and Maintenance	-	-	-

CAPITAL EXPENDITURE BUDGET**Consolidated Capital Budget**

MIG grant	2018/19
Agisanang Sports Facility	R 39 294 000.00
Total	R 10 550 000.00
	R 49 844 000.00

Sources of Funding

MIG Grants	R 49 844 000.00
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2018/19 Planned Capital Projects

Project Name	Ward	Budget
Agisanang Internal Roads	Ward 10	R 8 000 000.00
Letsopa Internal Roads	Ward 12	R 8 000 000.00
Shaleng Internal Roads	Ward 3	R 6 000 000.00
Letsopa Thusong Centre	Ward 11	R 5 000 000.00
Toilet Roll Factory	Ward 2	R 1 500 000.00
Agisanang sports ground	Ward 8	R 10 550 000.00
TOTAL		R 49 844 000.00

2019/20 Planned Projects

Project Name	Ward	Budget
Internal Roads	Ward 1	
Internal Roads	Ward 13	
Internal Roads	Ward 15	
Fencing of Cemeteries	Ward 14	
Community Hall	Ward 14	
TOTAL		R 29 274 000.00

2020/21 Planned Projects

Project Name	Ward	Budget
Internal Roads	Ward 1 Deelpa	
Internal Roads	Ward 3 Sione	
Internal Roads	Ward 7: Middleton A	
Community Hall	Ward 9 Geysdorp	
Internal Roads	Ward 4	
TOTAL		R 29 274 000.00

Grants and Subsidies Allocated

Municipal Grants

GRANTS	Budget	Adjustment Budget	Budget 2018/19	Budget 2019/20	Budget 2020/21
EQUITABLE SHARE	-92 403 000	-92 403 000	-102 525 000	-113 143 000	-121 990 000
MSIG			-	-	-
FMG	-2 345 000	-2 345 000	-2 415 000	-2 880 000	-3 312 000
LIBRARY GRANT	-1 710 000	-1 710 000	-1 194 000	-1 820 000	-1 353 000
EPWP	-1 182 000	-1 182 000	-1 632 000		
TOTAL OPERATING GRANTS	-97 640 000	-97 640 000	-107 766 000	-117 843 000	-126 655 000
MIG	-29 730 000	-29 730 000	-39 294 000	-29 274 000	-30 739 000
INEP GRANT			-	-6 400 000	-8 320 000
AGISANANG SPORTS GROUND			-10 550 000	-	-
TOTAL CAPITAL GRANTS	-29 730 000	-29 730 000	-49 844 000	-35 674 000	-39 059 000
GRAND TOTAL	-127 370 000	-127 370 000	-157 610 000	-153 517 000	-165 714 000

3. Tariff Principles

The Municipal Tariffs should be cost reflective, which should embody all costs involved to provide the service, and should also strike the balance of consumer affordability and the inflation rate in funding the operational budget, the following criteria provide a good indication of various levels of which the tariffs for individual services should be set:

- **Trade Services**

Services such as electricity are classified as trade services, where tariffs should be determined in a way that will ensure that the service is delivered at a surplus.

- **Economic Services**

A service such as Refuse Removal is classified as economic service. Tariffs should be set at a level to ensure that expenditure is recovered and that there is at least a break even.

- **Subsidized Services**

These are services not classified as Trade or Economic Services and funded from sundry revenue, and revenue obtained from property rates and equitable share.

Tariff Increases

Having consideration of the difficult economic realities of consumers, and also to ensure sustainability, it would be necessary to increase certain tariffs to fund the expenditure provided for in the budget.

Property Rates Levies: Envisaged to be increased by CPI Index of 5.3 % (per cent) as per National Treasury's guidelines

Electricity Service Charges: Envisaged to be increased by 6.84% as per the NERSA guideline

Refuse Removal: Envisaged to be increased by CPI Index of 5.3% (per cent) as per National Treasury's guidelines

Miscellaneous Tariffs: have been adjusted by 5.3% (per cent)

Electricity Tariffs

Electricity tariff proposed to increase by 6.84% as per NERSA proposed application.

Description	Charges	Approved 2017/18	Approved 2018/19	Proposed Tariff increase%
Empty stands	Basic	149,00	159,19	6.84%
Residential - Houses	Basic	149,00	159,19	6.84%
Residential (Tariff per unit)	Energy	132,17	141,21	6.84%
Residential - Flats (bulk meters)	Energy	1,58	1,69	6.84%
Residential - Households with Flats	Energy	133,00	142,10	6.84%
Churches, clubs and old age homes	Basic	148,00	158,12	6.84%
	Energy	140,00	149,58	6.84%
Agricultural	Basic	450,00	480,78	6.84%
	Energy	158,02	168,83	6.84%
Business (incl. industrial, guesthouses, home-business)	Basic	450,00	480,78	6.84%
	Energy	154	164,53	6.84%
Bulk (incl. schools & hospitals)	Basic	1 008,00	1 076,95	6.84%
	Energy	88,00	94,02	6.84%
(Like 3 Phase KVA)	Demand	166	177,35	6.84%
Prepaid				6.84%
Residential		159,00	169,88	6.84%
Business		189,00	201,93	6.84%
Departmental meters		99,00	105,77	6.84%

Water

A 5.3% increase in water tariffs applicable to the residents of Tswaing LM is proposed

Category	Approved Tariffs 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
	Per Kl	Per Kl	Per Kl
Monthly Basic Charge per Category			
Residential - basic	36,60	38,90	5.3%
Residential - consumption(0-6kl)	0.00	0,00	0.00

Category	Approved Tariffs 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
6.1 - 40kl	4,81	5,06	5.3%
41kl-above	6,74	7,10	5.3%
Residential - Flats (bulk meters)	56,66	59,66	5.3%
Residential - Households with Flats	36,60	41,69	5.3%
Residential - rural areas (per month)	50,00	52,65	5.3%
Churches, clubs & old age homes - Basic Consumption	40,93	43,10	5.3%
Agricultural-(6.1 KI- 40KI)	4,72	4,97	5.3%
Consumption- 41KI-above	6,74	7,10	5.3%
Business basic	56,66	59,66	5.3%
Business - consumption-(0-40 KI)	4,95	5,21	5.3%
Business- Consumption - (40KL-above)	6,83	7.19	5.3%
Departmental meters	2,14	2.25	5.3%

Refuse Removal

Category	Approved 2017/18	Proposed Tariffs 18/19	Tariffs Increase
Residential	91,95	91,95	5.3%
Business	121,96	128,42	5.3%
Containers	131,37	131,37	5.3%

Sanitation

The tariff is proposed to be increased by 6.4% from 1 July 2017

Category	Approved 2016/17	Proposed Tariffs 2017/18	Tariffs Increase 2017/18
Residential	84,45	89,93	5.3%
Business	215,81	227,25	5.3%
Schools/Hostels	1 444,99	1 521.57	5.3%
Hospitals/Old age homes	319,03	335.95	5.3%

Property rates cover the shortfall on the provision of the general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeted process.

CATEGORY	Approved Tariff 2016/17	Proposed Tariff 2017/18	Tariffs Increase 2017/18
Residential	0.00676	0.00712	5.3%
Residential - undeveloped	0.00676	0.00712	5.3%
Business	0.00853	0.00898	5.3%
Business - undeveloped	0.00853	0.00898	5.3%
Business - without any municipal services	0.00427	0.00449	5.3%
Agricultural	0.00169	0.00178	5.3%
State Owned	0.02412	0.02539	5.3%
Public Service Infrastructure (PSI)	0.00676	0.00712	5.3%
Exemption Residential properties (MPRA Sect 17(1) (h))	60 000	60 000	0%
Rebate - Pensioners			

VACUUM TANK SERVICES

Description	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Per bucket	65,69	69,17	5.3%
Basic	33,77	35,56	5.3%
RDP per load	126,62	133,33	5.3%
Per tank or part thereof	120,55	150.00	5.3%
Travelling costs per kilometre	20,11	21,18	5.3%

CEMETERY

Description	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
	All towns		
Single grave	547,64	576.66	5.3%
Children's grave	344,42	362.67	5.3%

Description	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Outside Tswaing (people who are not from Tswaing)	551,15	580,36	5.3%
Double grave	602,76	634.70	5.3%
Children	516,68	543,35	5.3%
Opening grave	258,34	258.34	5.3%

LIBRARY			
Description	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Membership fee - per annum	32,63	34,36	5.3%
Once off deposit - borrowing of books	46,64	49,11	5.3%
Once off deposit - borrowing of cd's	163,15	171,80	5.3%
Fines per day - books	8,15	8,58	5.3%
Fines per day - cd's	16,32	17,18	5.3%
Lost books	book value	book value	book value
Auditorium rental	163,15	163,15	5.3%
Auditorium rental - equipment pp	16,32	16,32	5.3%
Lost certificate of membership	44,05	44,05	5.3%

BUILDING PLANS PER SQUARE METER

Description	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Applications			
Residential	7,54	7,94	5.3%
Business	9,81	10,33	5.3%
Copies			
Residential	37,91	39,92	5.3%
Business	52,87	55,67	5.3%
TOWN PLANNING SCHEME	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Township development plan	528,74	556,76	5.3%

CARAVAN PARK	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Daily tariff	80.98	85,22	5.3%
Monthly tariff	1 468.93	1 546,78	5.3%
TRADE LICENCES	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Application & inspection	218.75	335,64	5.3%
SEARCH FEES	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Information (per hour)	116,30	122,46	5.3%
CLEANING OF VACANT STANDS	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Cleaning of stands	795,37	837,52	5.3%

TOWN HALL

Delareyville & Atamelang	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
-			
Weddings, dances, banquet etc	1 127,73	1 187,05	5.3%
Deposit	964,42	1 015.53	5.3%
Social welfare, churches & schools	430,55	453,37	5.3%
Deposit	846,00	890,84	5.3%
Political meetings	1 220,79	1 285,49	5.3%
Deposit	997,03	1 049.87	5.3%
Non-political meetings 08:00-16:00	430,55	453.37	5.3%
Deposit	996,82	1 049.65	5.3%
Non-political meetings 16:00- midnight	430.48	453,29	5.3%
Deposit	1 136.72	1 196,97	5.3%

Use of PA system	430,55	453,37	5.3%
Use for council purposes			
<u>Agisanang</u>	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Rental	483,42	509,04	5.3%
Deposit	452,78	476,78	5.3%
<u>Letsopa</u>	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Rental	483,42	509,04	5.3%
Deposit	452,78	476,78	5.3%

General	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Garden refuse bulk removal	301,32	317,29	5.3%
Clearance certificate	120,55	127,54	5.3%
Valuation certificate	99,47	104,74	5.3%
Disposal of dead dogs, cats & poultry	881,36	928,07	5.3%
Disposal of dead sheep, goats & pigs	122,36	128,85	5.3%
Disposal of dead cattle & horses	350,77	369,37	5.3%
Call out charge - owner negligence	530,24	558,34	5.3%
Abattoir (per annum)	2 384,16	2 510,52	5.3%
Meat inspection (per carcass)	195,77	206,15	5.3%

Rental of hostels - Delareyville	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
"A"	157,41	165,75	5.3%
"B"	166,49	175,31	5.3%
"C"	166,49	175,31	5.3%
Financial charges	Approved 2017/18	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Interest on outstanding accounts	0.00%	0.00%	0%

Reconnection charges	478,8	504,18	5.3%
Connection fees	148,96	156,85	5.3%
New connections: Electricity.	4 149,60	4 368,90	5.3%
Water.	2 660,00	2 800,00	5.3%
Pre-paid meters: 3 Phase meters.	4 149,60	4 369,53	5.3%
Single phase meters.	1 808,80	1 904,67	5.3%
Testing of meters	148,96	156,85	5.3%
Minimum consumer deposits: Residential	706,00	743,42	5.3%
Minimum consumer deposits: Business	1 170,40	1 232,43	5.3%
Fine: Illegal connections.			
Residential	10 000.00	10 000.00	0%
Business	15 000.00	15 000.00	0%
Duplicate accounts: Per copy.	15,96	16,80	5.3%
Dishonoured cheques	117,00	123,01	5.3%

Leasing of farms	Approved 2016/17	Proposed Tariffs 2018/19	Tariffs Increase 2018/19
Minimum charge per hectare	436,00	459,11	5.3%
Farms will be leased on a bidding process.	Auction	Auction	Auction
Sale of sites (per square meter)			
Delareyville	Charged per market value		
Ottosdal	Charged per market value		
Sannieshof	Charged per market value		

NEW PROPOSED TARRIFFS

Description	Proposed Tariff
Sewerage Connection	R 2 106,00
Disconnection Non- Payment	R 526,50
Rental Municipal Houses	R 3 000,00
Selling of Soil	R 5000,00 per load
Taxi stand	R 3 000.00 Per taxi, per year
Advertising Billboard -Big	R 1000,00 Per Advert
medium	R 500,00 Per Advert
small	R 200,00 Per Advert
Placards	R 10,00 per Placards
Littering Fine	R 300,00
Hawkers' Licences	R 300.00 per month

Town Planning Services Tariff

a)	Building line relaxation Residential 1 & 2	R 200.00
b)	Special consent Residential Zonings	R 670.00
c)	Written consent Residential Zonings	R 270.00
	Non-Residential Zonings	R 1000.00
d)	Relaxation of height/coverage as permitted by the scheme	
	Residential Zonings	R 270.00
	Non-Residential Zonings	R 1000.00
e)	Site Development Plan (SDP)	R 200.00
f)	Division of Land (Farm)	R 3000.00
g)	Copy of Tswaing Town Planning Scheme and Spatial Development Framework (SDF)	R 120.00 per paper copy No cost if emailed
h)	Application for other uses than Residential on Traditional land	R 100.00
i)	Parks and street closure	R 1750.00
j)	Tuckshop Application In a Residential Zoning	R 750.00
k)	Application for Consolidation of Land	R 500.00
l)	Application of Subdivision of property	R 800.00
m)	Application for council Consent/Comments on Land Development Area	R 800.00
n)	Application for the Amendment of Land Use Management Scheme	R 1800.00

o)	Application for Township Establishment	R 3600.00
p)	Application for Removal of Restrictive Conditions in Deeds and/or in Amendment	R 1800.00
q)	Application for an extension of boundaries of an approved Township	R 1800.00
r)	Zoning Certificate	R 150.00
s)	Rezoning application	R 1600.00
t)	Application for Township Establishment	R3500
u)	Application for extension of boundaries of an approved Township	R1740
v)	Application for Phasing or substantial change to the township	R1800
w)	Application for Amendment of Land Use Scheme (Rezoning)	R1790
x)	Application for Removal of Restrictive Conditions in Title Deeds	R1900
Y	Application for Appeal	R2500
Z	Application for Subdivision of property into 5 or less portions	R 800
Aa)	Application for Subdivision for property into more than 5 portions for the first 5 portions [a further R100 in terms of each portion above 5]	R700
Ab)	Application for Consolidation of property	R 470
Ac)	Application for Special and Written consent	R 800
Ad)	Site Development Plans	R 730
Ae)	Application for subdivision in terms of Act 70 of 1970	R 800
Af)	Zoning Certificate	R 150.00

4. Supporting Tables

NW382 Tswaing - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	13 111	16 366	19 206	14 949	14 949	14 949	14 949	28 462	29 999	31 649
Service charges	53 640	50 423	75 993	62 290	62 290	62 290	62 290	66 884	70 495	74 396
Investment revenue	106	318	193	107	107	107	107	112	119	125
Transfers recognised - operational	79 597	86 593	79 928	97 640	97 640	97 640	97 640	107 766	117 843	126 655
Other own revenue	8 745	9 921	11 397	4 604	4 604	4 604	2 128	4 729	4 873	4 978
Total Revenue (excluding capital transfers and contributions)	155 199	163 621	186 717	179 591	179 591	179 591	177 115	207 953	223 329	237 803
Employee costs	64 305	68 760	66 738	77 127	77 127	77 127	80 674	86 773	94 966	100 189
Remuneration of councillors	8 488	8 574	9 265	10 063	10 063	10 063	-	12 166	12 823	13 529
Depreciation & asset impairment	144 193	35 357	32 139	12 618	12 618	12 618	12 618	12 618	13 300	14 031
Finance charges	3 381	8 320	-	-	-	-	-	336	354	374
Materials and bulk purchases	40 650	28 068	36 180	42 186	42 186	42 186	20 341	53 678	56 576	59 689
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	78 373	59 705	112 769	38 818	38 818	38 818	11 076	34 752	36 379	38 380
Total Expenditure	339 391	208 785	257 091	180 813	180 813	180 813	124 710	200 323	214 399	226 191
Surplus/(Deficit)	(184 192)	(45 164)	(70 374)	(1 222)	(1 222)	(1 222)	52 405	7 630	8 930	11 612
Transfers and subsidies - capital (monetary allocated)	43 469	26 058	21 155	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(140 723)	(19 106)	(49 219)	28 508	28 508	28 508	82 135	58 674	44 604	50 671
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(140 723)	(19 106)	(49 219)	28 508	28 508	28 508	82 135	58 674	44 604	50 671
Capital expenditure & funds sources										
Capital expenditure	39 421	122 030	63 453	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Transfers recognised - capital	39 421	122 030	63 453	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	39 421	122 030	63 453	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Financial position										
Total current assets	36 916	46 837	53 096	75 263	75 263	75 263	53 096	55 910	58 929	62 164
Total non current assets	548 252	649 768	636 351	532 457	532 457	532 457	636 961	670 721	706 854	745 731
Total current liabilities	142 581	130 058	172 786	62 178	62 178	62 178	229 986	242 176	255 253	269 292
Total non current liabilities	47 809	57 316	57 200	60 182	60 182	60 182	63 372	66 730	70 334	74 202
Community wealth/Equity	394 778	509 231	459 460	485 359	485 359	485 359	396 699	417 724	440 195	464 400
Cash flows										
Net cash from (used) operating	(32 881)	39 019	25 780	34 352	34 352	34 352	30 277	75 614	63 788	(30 490)
Net cash from (used) investing	(40 031)	(38 316)	(26 911)	(29 730)	(29 730)	(29 730)	(29 630)	(51 044)	(29 274)	(30 739)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(72 772)	1 335	203	4 766	4 766	4 766	4 371	34 076	68 591	7 361
Cash backing/surplus reconciliation										
Cash and investments available	632	1 914	868	635	635	635	911	960	1 013	1 069
Application of cash and investments	124 736	93 557	130 422	2 592	2 592	2 592	134 941	134 028	141 185	148 957
Balance - surplus (shortfall)	(124 105)	(91 643)	(129 554)	(1 957)	(1 957)	(1 957)	(134 030)	(133 068)	(140 172)	(147 889)
Asset management										
Asset register summary (WDV)	849 034	649 188	635 784	531 877	531 877	-	-	49 844	35 674	39 059
Depreciation	144 194	35 357	32 139	12 618	12 618	12 618	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	6 458	3 214	3 638	7 838	7 838	7 838	-	1 044	1 101	1 161
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	13	13	13	13	13	13	13	13	13	13
Sanitation/sewerage:	-	-	-	1	-	-	-	-	-	-
Energy:	3	3	3	3	3	3	3	3	3	3
Refuse:	24	24	24	24	24	24	24	24	24	24

NW382 Tswaing - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		97 859	104 501	96 902	110 030	110 030	120 259	133 574	146 203	157 142
Executive and council		74 353	82 966	75 726	92 403	92 403	92 403	102 525	113 143	121 990
Finance and administration		23 505	21 536	21 176	17 627	17 627	27 856	31 049	33 060	35 152
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 137	1 008	2 604	2 919	2 919	2 919	1 688	1 760	1 837
Community and social services		579	685	1 787	1 955	1 955	1 955	618	633	647
Sport and recreation		1	-	-	10	10	10	11	11	12
Public safety		-	-	-	-	-	-	-	-	-
Housing		557	323	818	954	954	954	1 059	1 116	1 178
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		46 033	33 747	24 829	34 081	34 081	34 081	3 028	3 191	3 367
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		46 033	33 747	24 829	34 081	34 081	34 081	3 028	3 191	3 367
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		53 640	50 423	75 993	62 290	62 290	62 290	105 894	100 129	108 482
Energy sources		33 190	30 720	46 046	40 742	40 742	40 742	41 252	37 737	41 236
Water management		5 350	3 523	6 233	5 396	5 396	5 396	6 382	6 727	7 097
Waste water management		7 139	7 910	11 092	6 875	6 875	6 875	48 491	45 368	49 286
Waste management		7 961	8 271	12 621	9 277	9 277	9 277	9 769	10 297	10 863
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	198 669	189 679	200 328	209 321	209 321	219 550	244 183	251 283	270 827
Expenditure - Functional										
<i>Governance and administration</i>		241 398	123 594	147 243	79 263	79 263	81 252	79 061	83 130	86 710
Executive and council		48 754	24 836	33 028	23 610	23 610	23 969	28 663	29 847	31 489
Finance and administration		192 643	98 759	114 215	55 653	55 653	57 283	50 398	53 283	55 221
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10 779	10 680	9 097	11 446	11 446	11 446	12 706	13 392	14 129
Community and social services		5 632	5 266	3 911	5 140	5 140	5 140	6 029	6 355	6 704
Sport and recreation		2 422	2 484	2 436	2 749	2 749	2 749	2 910	3 067	3 236
Public safety		-	-	-	-	-	-	-	-	-
Housing		2 725	2 930	2 750	3 557	3 557	3 557	3 767	3 970	4 188
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17 704	21 087	25 084	18 800	18 800	-	10 939	11 485	11 982
Planning and development		-	-	-	1 773	1 773	-	-	-	-
Road transport		17 704	21 087	25 084	17 027	17 027	-	10 939	11 485	11 982
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		69 511	53 423	68 123	71 302	71 302	-	67 789	71 450	74 689
Energy sources		45 235	27 003	41 494	45 542	45 542	-	46 313	48 814	51 499
Water management		10 459	11 493	11 839	9 041	9 041	-	9 553	10 069	10 623
Waste water management		8 549	8 979	8 603	10 134	10 134	-	4 952	5 220	5 220
Waste management		5 268	5 948	6 187	6 585	6 585	-	6 971	7 347	7 347
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	339 391	208 785	249 547	180 812	180 812	92 698	170 495	179 457	187 509
Surplus/(Deficit) for the year		(140 723)	(19 106)	(49 219)	28 508	28 508	126 852	73 688	71 825	83 318

NW382 Tswaing - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		74 353	82 966	75 726	92 403	94 403	92 403	102 525	113 143	121 990
Vote 2 - Budget and Treasury		18 040	21 536	21 176	17 627	29 707	27 856	31 048	33 059	35 151
Vote 3 - Corporate Services		5 465	-	-	-	-	-	1	1	1
Vote 4 - Community Services		9 097	9 278	15 226	12 186	12 186	12 071	14 485	15 248	16 067
Vote 5 - Technical Services		91 712	75 899	88 201	87 094	87 094	-	98 356	97 926	104 757
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	198 668	189 679	200 328	209 311	223 391	132 330	246 415	259 376	277 966
Expenditure by Vote - to be appropriated	1									
Vote 1 - Executive and Council		48 754	24 836	33 028	23 610	-	-	28 663	29 847	31 489
Vote 2 - Budget and Treasury		175 351	81 681	98 060	40 280	-	-	33 315	34 139	35 025
Vote 3 - Corporate Services		17 293	17 078	16 155	15 373	-	-	17 083	19 143	20 196
Vote 4 - Community Services		16 047	16 629	15 285	18 032	-	-	30 616	32 225	33 862
Vote 5 - Technical Services		81 947	68 561	87 019	83 517	-	-	75 298	81 734	86 229
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	339 391	208 785	249 547	180 812	-	-	184 975	197 088	206 801
Surplus/(Deficit) for the year	2	(140 723)	(19 106)	(49 219)	28 498	223 391	132 330	61 440	62 288	71 164

NW382 Tswaing - Table A4 Budgeted Financial Performance (revenue and expenditure)

Table A: Budgeted Financial Performance (Revenue and Expenditure)									2018/19 Medium Term Revenue & Expenditure Framework		
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				Budget Year	Budget Year	Budget Year
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2018/19	+1 2019/20	+2 2020/21
Revenue By Source											
Property rates	2	13 111	16 366	19 206	14 949	14 949	14 949	14 949	28 462	29 999	31 649
Service charges - electricity revenue	2	33 190	30 720	45 839	40 742	40 742	40 742	40 742	43 483	45 831	48 375
Service charges - water revenue	2	5 350	3 523	6 214	5 396	5 396	5 396	5 396	6 382	6 726	7 097
Service charges - sanitation revenue	2	7 139	7 910	11 092	6 875	6 875	6 875	6 875	7 250	7 642	8 050
Service charges - refuse revenue	2	7 961	8 271	12 621	9 277	9 277	9 277	9 277	9 769	10 297	10 875
Service charges - other		–	–	226	–	–	–	–			
Rental of facilities and equipment		486	323	485	540	540	540	540	396	417	440
Interest earned - external investments		106	318	193	107	107	107	107	112	119	125
Interest earned - outstanding debtors		–	–	–	–						
Dividends received		8	10	33	19	19	19		20	21	22
Fines, penalties and forfeits		82	–	–	90	90	90	90	96	101	107
Licences and permits		1 391	6 622	2 425	1 498	1 498	1 498	1 498	3 263	3 438	3 628
Agency services		–	–	–	–						
Transfers and subsidies		79 597	86 593	79 928	97 640	97 640	97 640	97 640	107 766	117 843	126 655
Other revenue	2	6 779	2 967	8 454	2 457	2 457	2 457	–	954	895	781
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		155 199	163 621	186 717	179 591	179 591	179 591	177 115	207 953	223 329	237 803
Expenditure By Type											
Employee related costs	2	64 305	68 760	66 738	77 127	77 127	77 127	80 674	86 773	94 966	100 189
Remuneration of councillors		8 488	8 574	9 265	10 063	10 063	10 063		12 166	12 823	13 529
Debt impairment	3	15 727	19 499	37 651	5 422	5 422	5 422		5 422	5 714	6 029
Depreciation & asset impairment	2	144 193	35 357	32 139	12 618	12 618	12 618	12 618	12 618	13 300	14 031
Finance charges		3 381	8 320						336	354	374
Bulk purchases	2	34 189	24 858	32 542	34 348	34 348	34 348	20 341	41 358	43 591	45 989
Other materials	8	6 462	3 210	3 638	7 838	7 838	7 838		12 320	12 985	13 700
Contracted services		3 446	1 964	4 775	5 064	5 064	5 064	3 001	10 106	10 652	11 237
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	59 200	38 074	65 984	28 333	28 333	28 333	8 076	19 225	20 014	21 114
Loss on disposal of PPE			167	4 359							
Total Expenditure		339 391	208 785	257 091	180 813	180 813	180 813	124 710	200 323	214 399	226 191
Surplus/(Deficit)		(184 192)	(45 164)	(70 374)	(1 222)	(1 222)	(1 222)	52 405	7 630	8 930	11 612
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		43 469	26 058	21 155	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education and Training)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		(140 723)	(19 106)	(49 219)	28 508	28 508	28 508	82 135	58 674	44 604	50 671
Taxation											
Surplus/(Deficit) after taxation		(140 723)	(19 106)	(49 219)	28 508	28 508	28 508	82 135	58 674	44 604	50 671
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(140 723)	(19 106)	(49 219)	28 508	28 508	28 508	82 135	58 674	44 604	50 671
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(140 723)	(19 106)	(49 219)	28 508	28 508	28 508	82 135	58 674	44 604	50 671

NW382 Tswaing - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	354	-	-	-	-	1 200	-	-
Vote 2 - Budget and Treasury		-	19	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	89	-	-	-	-	-	-	-
Vote 4 - Community Services		-	79 063	8 958	-	-	-	-	10 550	-	-
Vote 5 - Technical Services		39 421	42 947	25 620	29 730	29 730	29 730	29 730	39 294	29 274	30 739
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	39 421	122 030	35 020	29 730	29 730	29 730	29 730	51 044	29 274	30 739
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total											
Total Capital Expenditure - Vote		39 421	122 030	35 020	29 730	29 730	29 730	29 730	51 044	29 274	30 739
Capital Expenditure - Functional											
Governance and administration		-	19	443	-	-	-	-	1 200	-	-
Executive and council				354					1 200		
Finance and administration			19	89							
Internal audit											
Community and public safety		-	79 063	8 958	-	-	-	-	10 550	-	-
Community and social services			79 063	8 925							
Sport and recreation									10 550		
Public safety											
Housing											
Health				33							
Economic and environmental services		39 421	42 947	25 620	29 730	29 730	29 730	29 730	39 294	29 274	30 739
Planning and development											
Road transport		39 421	42 947	25 620	29 730	29 730	29 730	29 730	39 294	29 274	30 739
Environmental protection											
Trading services		-	-	28 432	-	-	-	-	-	6 400	8 320
Energy sources				27 502						6 400	8 320
Water management											
Waste water management				930							
Waste management											
Other											
Total Capital Expenditure - Functional	3	39 421	122 030	63 453	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Funded by:											
National Government		39 421	122 030	63 453	29 730	29 730	29 730	29 730	49 844	35 674	39 059
Provincial Government											
District Municipality											
Other transfers and grants									1 200		
Transfers recognised - capital	4	39 421	122 030	63 453	29 730	29 730	29 730	29 730	51 044	35 674	39 059
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	39 421	122 030	63 453	29 730	29 730	29 730	29 730	51 044	35 674	39 059

NW382 Tswaing - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash	1	632	1 335	301	56	56	56	301	317	334	353
Call investment deposits		–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	28 106	35 404	44 262	74 041	74 041	74 041	44 262	46 608	49 125	51 827
Other debtors		589	–	96	–			96	101	106	106
Current portion of long-term receivables											
Inventory	2	7 589	10 098	8 436	1 166	1 166	1 166	8 436	8 883	9 363	9 878
Total current assets		36 916	46 837	53 096	75 263	75 263	75 263	53 096	55 910	58 929	62 164
Non current assets											
Long-term receivables											
Investments			579	567	579	579	579	610	643	678	716
Investment property		32 073	57 276	57 136	20 665	20 665	20 665	57 136	60 164	63 413	66 900
Investment in Associate		–	–								
Property, plant and equipment	3	514 205	590 715	575 904	510 015	510 015	510 015	575 904	606 427	639 174	674 329
Agricultural											
Biological		1 365	1 198	1 791	1 198	1 198	1 198	1 791	1 886	1 988	2 097
Intangible											
Other non-current assets		610		953	–	–		1 520	1 601	1 601	1 689
Total non current assets		548 252	649 768	636 351	532 457	532 457	532 457	636 961	670 721	706 854	745 731
TOTAL ASSETS		585 168	696 605	689 447	607 719	607 719	607 719	690 057	726 630	765 783	807 895
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1 019	1 097	1 146	1 119	1 119	1 119	1 146	1 207	1 272	1 342
Trade and other payables	4	141 562	128 961	171 640	59 544	59 544	59 544	171 640	180 737	190 497	200 974
Provisions		–	–	–	1 515	1 515	1 515	57 200	60 232	63 484	66 976
Total current liabilities		142 581	130 058	172 786	62 178	62 178	62 178	229 986	242 176	255 253	269 292
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		47 809	57 316	57 200	60 182	60 182	60 182	63 372	66 730	70 334	74 202
Total non current liabilities		47 809	57 316	57 200	60 182	60 182	60 182	63 372	66 730	70 334	74 202
TOTAL LIABILITIES		190 390	187 374	229 986	122 360	122 360	122 360	293 358	308 906	325 587	343 495
NET ASSETS	5	394 778	509 231	459 460	485 359	485 359	485 359	396 699	417 724	440 195	464 400
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		394 778	509 231	459 460	485 359	485 359	485 359	396 699	417 724	440 195	464 400
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	394 778	509 231	459 460	485 359	485 359	485 359	396 699	417 724	440 195	464 400

NW382 Tswaing - Table A7 Budgeted Cash Flows

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			6 210	16 366	19 206	8 970	8 970	8 970	3 154	28 462	29 999	31 649
Service charges			21 592	50 423	75 993	49 385	49 385	49 385	19 980	66 884	70 666	74 575
Other revenue			16 464	9 912	3 820	4 585	4 585	4 585	42 529	4 709	4 852	4 955
Government - operating		1	77 333	86 593	79 928	97 640	97 640	97 640	69 944	107 766	117 843	126 655
Government - capital		1	47 493	26 058	21 155	29 730	29 730	29 730	24 060	49 844	35 674	39 059
Interest			106	318	193	107	107	107	-	112	119	125
Dividends			8	10	33	19	19	19	3	20	21	22
Payments												
Suppliers and employees			(198 705)	(142 340)	(158 218)	(156 083)	(156 083)	(156 083)	(129 393)	(181 848)	(195 031)	(307 157)
Finance charges			(3 381)	(8 320)	(16 330)					(336)	(354)	(374)
Transfers and Grants		1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			(32 881)	39 019	25 780	34 352	34 352	34 352	30 277	75 614	63 788	(30 490)
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			(610)	85 833						-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(39 421)	(124 149)	(26 911)	(29 730)	(29 730)	(29 730)	(29 630)	(51 044)	(29 274)	(30 739)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(40 031)	(38 316)	(26 911)	(29 730)	(29 730)	(29 730)	(29 630)	(51 044)	(29 274)	(30 739)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing										-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			(72 911)	703	(1 131)	4 622	4 622	4 622	648	24 570	34 514	(61 229)
Cash/cash equivalents at the year begin:		2	140	632	1 335	144	144	144	3 723	9 506	34 076	68 591
Cash/cash equivalents at the year end:		2	(72 772)	1 335	203	4 766	4 766	4 766	4 371	34 076	68 591	7 361

RECOMMENDATIONS

1. The Council of Tswaing Local Municipality, acting in terms of section 16(1) and (2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts

- 1.1 The annual budget of the municipality for the financial year 2018/19, and indicative allocations for the two projected outer years 2019/20 and 2020/21, and single – year capital appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4.
- Budgeted Capital Expenditure by vote, standard classification and funding, as contained in Table A5
- Budgeted Financial Position, as contained in Table A6
- Budgeted Cash Flows, as contained in Table A7
- Cash backed reserves/ accumulated surplus reconciliation, as contained in Table A8
- Assets Management, as contained in Table A9
- Basic Service Delivery Measurement as contained in Table A10

- 1.2 That in terms of Section 75A of the Local Government: Municipal Systems Act, Act 32 of 2000, the tariffs for Property Rates, Electricity, Water, Sanitation as well as refuse removal be approved with effect from 1 July 2018.

- 1.3 That in terms of Section 75A of the Local Government: Municipal Systems Act, Act 32 of 2000, the tariffs for other services, be approved with effect from July 2018

- 1.4 That the proposed electricity tariff increase is subject to approval by NERSA and will be effective as from 1 July 2018.

- 1.5 That the Service Delivery and Budget Implementation Plans be compiled and submitted to the Mayor for approval and implemented with effect from 1 July 2018.

**TSWAING LOCAL MUNICIPALITY**

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Enquiries:

RefNo:

MUNICIPAL MANAGER QUALITY CERTIFICATE

I **M.I. Moruti**, Municipal Manager of Tswaing Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared fully in accordance with the Municipal Management Act and the regulations made under the Act, and that the annual budget supporting documents are consistent with the Integrated Development Plan of the Municipality

Print name: Manoto Isaac Moruti

Municipal Manager of Tswaing Local Municipality.NW 382

Signature _____

Date _____